

period will be determined in accordance with the provisions of Regulations § 1.704-2(i)(2).

[REDACTED]
Minimum Gain:

[REDACTED] [REDACTED]
the minimum gain attributable to Member Nonrecourse Debt as determined under Regulations § 1.704-2(i)(3).

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

Net Income and Net Loss:

for each Fiscal Year, [i] the excess of the Income for such period over the Loss for such period, or [ii] the excess of the Loss for such period over the Income for such period, respectively, but Net Income and Net Loss for a Fiscal Year will be computed by excluding from such computation any Income or Loss specially allocated under Sections 4.2 through 4.12 (including, for the avoidance of doubt, Contributed Asset Depreciation), any Nonrecourse Deductions, and any Member Nonrecourse Deductions.

[REDACTED]

[REDACTED] [REDACTED]

Nonrecourse Deductions:

Losses, deductions or Code § 705(a)(2)(B) expenditures attributable to Nonrecourse Liabilities of the Company. The amount of Nonrecourse Deductions for any Fiscal Year or other period will be determined in accordance with the provisions of Regulations § 1.704-2(c).

Nonrecourse Liability: a nonrecourse liability as defined in Regulations § 1.752-1(a)(2) and referred to in Regulations § 1.704-2(b)(3).

[REDACTED]: [REDACTED]

Notice: as defined in Section 16.12.

[REDACTED]: [REDACTED]

Officers: as defined in Section 6.2[b].

[REDACTED]: [REDACTED]

Ownership Interest: with respect to any Person, all of the limited liability company interests of the Company owned by such Person, including an interest in the Income and Losses of the Company, a Capital Account interest, and all management rights, voting rights, rights to consent and other rights of such Person in and to the Company as provided in this Agreement and the Act, together with all obligations of such Person to comply with the terms of this Agreement and the Act.

Permitted Transferee: a Person described in Section 14.3 to whom an Ownership Interest may be Transferred.

Person: an individual, corporation, partnership, limited liability company, trust, unincorporated organization, association or other entity.

[REDACTED]: [REDACTED]

Preference Period: [a] if the Effective Date is on the first day of a calendar quarter, the 16 calendar quarters beginning on the Effective Date, and [b] if the Effective Date is not on the first day of a calendar quarter, the Preference Period Partial First Quarter, the Preference Period Full Quarters and the Preference Period Last Quarter, collectively.

Preference Period Full Quarters: if the Effective Date is not on the first day of a calendar quarter, the 15 full calendar quarters beginning on (and including) the first day of the first full calendar quarter beginning after the Effective Date and ending on (but excluding) the first day of the Preference Period Last Quarter.

Preference Period Last Quarter: if the Effective Date is not on the first day of a calendar quarter, the calendar quarter beginning on the first day of the calendar quarter after the end of the last Preference Period Full Quarter.

Preference Period Partial First Quarter: if the Effective Date is not on the first day of a calendar quarter, the period of time beginning on (and including) the Effective Date and ending on (but excluding) the first day of the first calendar quarter after the Effective Date.

Preference Period Partial First Quarter Days: the number of days in the Preference Period Partial First Quarter.

Private WiFi: any WiFi service that is not Public WiFi.

Proceeding: any suit, action, proceeding, arbitration, audit, hearing, or investigation (in each case, whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority.

Professional Services: as defined in the GCI Services Agreement.

Professional Services Guidelines: the terms and conditions on which GCI Communication Corp. is permitted to provide Professional Services to the Company, as set forth on Exhibit C to the GCI Services Agreement.

Public WiFi: any WiFi service established and owned by the Company that is provided to the Member Carriers for use by the Member Carrier Customers on their Wireless Devices, and is password protected or has other secure authentication protocols established and managed by the Company.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Receiving Party: as defined in Section 16.20.

[REDACTED]

Regulations:

the Treasury Regulations (including temporary or proposed regulations) promulgated under the Code, as amended from time to time (including corresponding provisions of succeeding regulations).

[REDACTED]

Required 704(b) Adjustment Notice:

as defined in Section 3.4.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

as defined in Section 10.5[a].

of any Person means another Person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, 50% or more of the equity interests of which) is owned directly or indirectly by such first Person or by another Subsidiary of such first Person.

Year	Number of cases	Rate per 100,000
1990	1,200	1.2
1991	1,300	1.3
1992	1,400	1.4
1993	1,500	1.5
1994	1,600	1.6
1995	1,700	1.7
1996	1,800	1.8
1997	1,900	1.9
1998	2,000	2.0
1999	2,100	2.1
2000	2,200	2.2
2001	2,300	2.3
2002	2,400	2.4
2003	2,500	2.5
2004	2,600	2.6
2005	2,700	2.7
2006	2,800	2.8
2007	2,900	2.9
2008	3,000	3.0
2009	3,100	3.1
2010	3,200	3.2
2011	3,300	3.3
2012	3,400	3.4
2013	3,500	3.5
2014	3,600	3.6
2015	3,700	3.7
2016	3,800	3.8
2017	3,900	3.9
2018	4,000	4.0
2019	4,100	4.1
2020	4,200	4.2

as defined in Section 11.9.

a Person that is not a Member, the Company, an Affiliate of either, or an officer or director of any of the foregoing.

[REDACTED] **[REDACTED]**

as defined in Section 16.22[a].

a direct or indirect sale, exchange, assignment, transfer, transfer upon or in lieu of foreclosure, or other disposition (whether voluntary, involuntary or by operation of law, including pursuant to a merger of the

Company), and includes any transaction that results directly or indirectly in a change in Control of a Member or a transfer of more than 50% of the direct or indirect beneficial ownership of a Member to a Person that is not an Affiliate of such Member, including a spin-off or split-off, however structured; provided, however, that in no event shall any issuance, transfer, conversion or exchange of ACS or GCI securities (other than a tracking stock, spin-off or split-off that directly or indirectly separates the Equity Interests from any substantial portion of the other assets and liabilities of ACS or GCI) or any change in Control of ACS or GCI, in each case by merger, consolidation or otherwise, be a "Transfer" for purposes of this Agreement.

Transferee:

a Person to whom an Ownership Interest is Transferred in compliance with this Agreement, who will have the rights specified in Section 14.5.

Transferor:

a Person who Transfers an Ownership Interest in compliance with this Agreement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Vote:

an action of the Company by the Members in accordance with Article 8.

WiFi:

any wireless local area network technology that is based on the Institute of Electrical and Electronics Engineers' (IEEE) 8.02.11 standards.

Wireless:

[i] Commercial Mobile Radio Services (as defined by the Communications Act and the rules and regulations thereunder), [ii] Public WiFi and [iii] any additional mobile voice, text messaging and data products and services provided over wireless spectrum licensed or authorized for use by the FCC other than, in the case of clause [iii], any such products or services provided by satellite directly to Wireless Devices.

[REDACTED]

[REDACTED]

Wireless Business:	as defined in <u>Section 2.1[a]</u> .
Wireless Device:	Wireless phones, Wireless iPads and similar Wireless tablet devices, Wireless routers and other devices used to transmit and receive voice, data and text by means of Wireless services.
Wireless Parent:	in relation to the Initial ACS Member, ACS, in relation to the Initial GCI Member, GCI, and in relation to any other Person, the Person that controls such Person's and its Affiliates' provision of Wireless products (including Wireless Devices) and services in the State of Alaska.
Withdrawal:	the occurrence of an event that terminates membership in the Company, as provided in <u>Section 12.2</u> .
Working Capital:	Current Assets minus Current Liabilities.

1.10 Interpretation. For purposes of this Agreement, [a] the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; [b] the word "or" has the inclusive meaning of "and/or"; and [c] the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: [x] to Articles, Sections, Exhibits and Schedules mean the Articles and Sections of, and Exhibits and Schedules attached to, this Agreement; [y] to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and [z] to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits and Schedules referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

1.11 General Appraisal Procedures.

- [a] For purposes of determining Fair Market Value under subparagraph [a] of the definition of Fair Market Value, [REDACTED], within ten days following the end of the 15-day period specified in subparagraph [a] of the definition of Fair Market Value for the Members to agree on a determination of Fair Market Value (a "**Fair Market Value Determination Date**"), the Members shall appoint an Independent Appraiser mutually acceptable to the Members. If the Members are unable to mutually agree on an Independent Appraiser within ten days following a Fair Market Value Determination Date, then within five Business Days thereafter each of the GCI Member

and the ACS Member shall submit a list of two names of qualified appraisers as such Member's nominees for the Independent Appraiser. If either the GCI Member or the ACS Member does not submit a list of nominees for the Independent Appraiser within the required time period, then the Member that did not submit a list on a timely basis may select the Independent Appraiser from the list submitted by the other Member within five Business Days after such list is submitted and if that does not occur within the required time period, then the Member that submitted its list on a timely basis may select the Independent Appraiser from its list. If both the GCI Member and the ACS Member submit their lists within the required time period and the same name appears on both lists, that Person shall become the Independent Appraiser. If two names are common to both lists, and the Members are unable to agree as between such designees within five Business Days after such lists are submitted, the Members shall request that the Chief Executive Officer of the American Society of Appraisers (the "ASA") make such selection, which will be binding on the Members. If no Person is named on both lists, either Member can notify the other Member within five Business Days after such lists are submitted that it is willing to select a Person named on the other's list, in which case the first such Person selected becomes the Independent Appraiser. If no Independent Appraiser is selected by this process, each of the GCI Member and the ACS Member shall submit a new list of two names of qualified appraisers (without duplication of a name identified on the prior list submitted by such Member) as its nominees, which second list shall be submitted on the date that is not more than ten Business Days after the original submission date. If either the GCI Member or the ACS Member does not submit its second list within the required time period, then the same process shall apply as would apply if a Member did not submit its initial list in a timely manner. If no common name appears on such second lists and neither Member notifies the other that a name on the other's list is acceptable to it within five Business Days after such second lists are submitted, each Member shall designate one name from the other Member's list to be removed from consideration within five Business Days after such second lists are submitted and the Members shall request the ASA to select the Independent Appraiser from the remaining two names, which selection shall be binding on the Members. If the Independent Appraiser selected by this process is unwilling or unable to proceed, then the Members will repeat the foregoing process until an Independent Appraiser who is willing to act is selected.

- [b] Within 30 days following such appointment, the Independent Appraiser shall determine Fair Market Value utilizing commonly used valuation methods and practices. The decision of the Independent Appraiser shall be binding and conclusive on the Members and the Company. The GCI Member on the one hand, and the ACS Member, on the other hand, shall each pay 50% of the fees and expenses of the Independent Appraiser.

1.12 [REDACTED]

- [a] For purposes of determining Fair Market [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ARTICLE 2: PURPOSES AND POWERS

2.1 Principal Purpose.

- [a] Subject to the provisions of this Agreement, the business and sole purpose of the Company is to [i] own and operate the assets contributed to the Company by the Initial GCI Member and the Initial ACS Member pursuant to the Contribution Agreement, [ii] engineer, operate and maintain competitive Wireless network(s) in Alaska, [iii] design and implement competitive plans for the provision of Wireless products ([REDACTED]) and services, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] (collectively, the “Wireless Business”). Except as otherwise provided in Section 2.1[b], the Company will not engage in any activity or business other than the Wireless Business.

- [b] The Company may engage in any business or investment activity not provided in Section 2.1[a] subject to [i] obtaining the affirmative Vote of all Members and unanimous approval of the Board, and [ii] any limitations in the Act on the businesses in which a limited liability company may engage.

2.2 Powers. The Company has all of the powers granted to a limited liability company under the Act, as well as all powers necessary or convenient to achieve its purposes and to further its business.

ARTICLE 3: CAPITAL OF THE COMPANY

3.1 Capital Contributions.

- [a] On the Effective Date, the Members have made the Capital Contributions to the Company set forth on the attached **Exhibit B** (each, an “Initial Capital Contribution”).
- [b] No Member will be required, and no Member will have any right, except as provided in Section 3.11, to make any Additional Capital Contribution at any time, except as may be required by law; [REDACTED]
[REDACTED]
[REDACTED]

3.2 Capital Accounts. A Capital Account will be maintained for each Member and credited, charged and otherwise adjusted as required by § 704(b) of the Code and the § 704(b) Regulations. Each Member’s Capital Account will be:

- [a] Credited with [i] the amount of money contributed by the Member as an Initial Capital Contribution or Additional Capital Contribution, [ii] the Fair Market Value of property contributed by the Member as an Initial Capital Contribution or Additional Capital Contribution (net of liabilities that the Company assumes or takes property subject to), [iii] the Member’s allocable share of Net Income, and [iv] all other items properly credited to such Capital Account, including any Income or items thereof allocated to such Member under Sections 4.2 through 4.12;
- [b] Charged with [i] the amount of money distributed to the Member by the Company, [ii] the Fair Market Value of property distributed to the Member by the Company (net of liabilities that the Member assumes or takes subject to), [iii] the Member’s allocable share of Net Losses, and [iv] all other items properly charged to such Capital Account,

including any Losses or deductions specially allocated to such Member under Sections 4.2 through 4.12; and

[c] Otherwise adjusted as required by the § 704(b) Regulations.

Any unrealized appreciation or depreciation with respect to any asset distributed in kind will be allocated among the Members in accordance with the provisions of Article 4 as though such asset had been sold on the date of Distribution for its Fair Market Value as of such date, and the Members' Capital Accounts will be adjusted to reflect both the deemed realization of such appreciation or depreciation and the Distribution of such property.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of the Capital Accounts are intended to comply with the § 704(b) Regulations and will be interpreted and applied in a manner consistent with such Regulations and any amendment or successor provision thereto. The Tax Matters Partner also will make any appropriate modifications if unanticipated events might otherwise cause this Agreement not to comply with the Regulations, so long as such changes would not cause a material change in the relative economic benefits of the Members under this Agreement.

3.3 Transfer. If all or any part of an Ownership Interest is Transferred in accordance with this Agreement, the Capital Account of the Transferor that is attributable to the Transferred Ownership Interest will carry over to the Transferee.

3.4 Adjustments. The Members intend to comply with the § 704(b) Regulations in all respects, and the Tax Matters Partner is authorized and directed to adjust the Capital Accounts of the Members to the full extent that the § 704(b) Regulations may apply (including applying the concepts of qualified income offsets and minimum gain chargebacks). To this end, the Tax Matters Partner may make any Capital Account adjustment that it determines to be necessary or appropriate to maintain equality between the aggregate Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet (as computed for book purposes), as long as such adjustments are consistent with the underlying economic arrangement of the Members and are based, wherever practicable, on federal tax accounting principles. The Tax Matters Partner will provide written notice to the Members of any material, discretionary adjustment that is made pursuant to this Section 3.4 (a "**Required 704(b) Adjustment Notice**"). A Member may provide written notice to the Tax Matters Partner of any objection such Member has to an adjustment that is the subject of a Required 704(b) Adjustment Notice, which notice must be delivered within ten Business Days following the Tax Matters Partner's delivery of a Required 704(b) Adjustment Notice regarding such adjustment. The Tax Matters Partner and the Members shall promptly meet to discuss and resolve any such dispute. If resolution cannot be reached and upon written request by the disputing Member, the Tax Matters Partner shall retain a national accounting firm (other than the Company's regular accounting firm) to determine whether such adjustment should be made. The cost of such accounting firm shall be paid by the disputing Member if such firm agrees with the adjustments made by the Tax Matters Partner or by the Tax Matters Partner if such firm agrees with the disputing Member.

3.5 Market Value Adjustments. The Tax Matters Partner is authorized and directed to make appropriate Capital Account adjustments upon any Transfer of an Ownership Interest made

in accordance with this Agreement in accordance with the § 704(b) Regulations. If optional basis adjustments are made under § 734 or § 743 of the Code, the Tax Matters Partner is authorized to make appropriate Capital Account adjustments as required by the § 704(b) Regulations.

3.6 No Withdrawal of Capital. Except as specifically provided in this Agreement, no Member will be entitled to withdraw all or any part of such Member's Capital Contribution from the Company prior to the Company's Dissolution and Liquidation, or, when such withdrawal of capital is permitted, to demand a distribution of property other than money or as otherwise provided in this Agreement.

3.7 No Interest on Capital. No Member will be entitled to receive interest on such Person's Capital Account or Capital Contribution.

3.8 No Drawing Accounts. The Company will not maintain a drawing account for any Member. All Distributions to Members will be governed by Article 5 (relating to Distributions not in Liquidation of the Company) and by Article 13 (relating to Distributions in Liquidation of the Company).

3.9 No Salary or Other Compensation. Except for the Consulting Fee to be paid pursuant to Section 6.1[d], or as otherwise permitted by or approved pursuant to this Agreement, no Member or Affiliate of a Member will be entitled to any salary or other form of compensation paid by the Company for services rendered to the Company.

3.10 Working Capital.

- [a] On the Effective Date, GCI and the Company are entering into a Working Capital Loan Agreement in the form attached to the Contribution Agreement as Exhibit B (the "**GCI Working Capital Loan**").
- [b] The Company shall, and ACS, GCI and the Members shall cause the Company to, use its reasonable best efforts to obtain a senior revolving credit facility from a third-party lender (that is not an Affiliate of any Member) to be in place at the start of the Amortization Period on commercially reasonable terms, in the principal amount of up to \$50 million, which will be used solely to fund the Company's ongoing Working Capital needs and to repay the GCI Working Capital Loan (the "**Company Working Capital Loan**"). Upon closing the Company Working Capital Loan, the Company will draw down funding on the Company Working Capital Loan in an amount sufficient to repay the GCI Working Capital Loan in full.

3.11 Member Cure Rights on GCI Working Capital Loan.

- [a] Upon delivery of any Exercise Notice (as defined in the GCI Working Capital Loan) to the Members, each Member may offer to make a capital contribution to the Company as set forth in Section 3.11[b] to cure the Event of Default (under and as defined in the GCI Working Capital Loan) by sending a written notice (a "**Cure Offer**") to the Company and the Lender (under and as defined in the GCI Working Capital Loan) no later than 15 Business Days after receipt of the Exercise Notice (the "**Cure Offer Period**"). Cure

Offers shall be irrevocable, and, to the extent such Cure Offers are accepted by the Company pursuant to Section 3.11[b], the Members shall be bound and obligated to make the capital contributions as set forth in Section 3.11[b].

- [b] If both Members deliver a Cure Offer during the Cure Offer Period, the Company will promptly provide written acceptance to the Members of the Cure Offers, and ACS Member will make a cash contribution to the Company on or prior to the twentieth Business Day following delivery of the Exercise Notice (the “Cure Date”) equal to one-third of the Company’s outstanding obligations under the GCI Working Capital Loan as of the Cure Date by paying such amount to the Lender on behalf of the Company by wire transfer of immediately available funds to the Lender. On the Cure Date, subject to receipt by the Lender of such payment by the ACS Member on behalf of the Company on or prior to the Cure Date, the remaining obligations of the Company under the GCI Working Capital Loan will be forgiven in a deemed capital contribution by the GCI Member equal to two thirds of the outstanding obligations under the GCI Working Capital Loan as of the Cure Date.
- [c] If one or both Members do not deliver a Cure Offer during the Cure Offer Period, the Company will promptly provide written rejection of any Cure Offer made, no capital contributions will be payable or permitted to be made by the Members under this Section 3.11, and the rights of the Members under this Section 3.11 to cure the related Event of Default under the GCI Working Capital Loan will be deemed waived. Nothing in this Section 3.11[c] shall be deemed to waive any of the ACS Member’s rights under Section 6.5(c) of the GCI Working Capital Loan.

ARTICLE 4: INCOME AND LOSSES

4.1 Allocation of Net Income and Net Loss. The Company’s Net Income or Net Loss, as the case may be, and each item of income, gain, loss and deduction entering into the computation thereof, for each Fiscal Year will be allocated as follows:

- [a] Net Income for such Fiscal Year will be allocated as follows:
 - [i] first, an amount of Net Income equal, and in proportion, to the Distributions made to each Member pursuant to Section 5.1 with respect to such Fiscal Year will be allocated to such Member; and
 - [ii] second, any remaining Net Income will be allocated to the Members in proportion to their Equity Interests.
- [b] Net Loss for such Fiscal Year will be allocated to the Members in proportion to their Equity Interests.
- [c] Notwithstanding anything in this Agreement to the contrary, any Income or Loss arising from an adjustment to the Book Value of the Company assets under clause [b] of the definition of Book Value shall be allocated among the Members in accordance with Section 4.1[a][ii].

4.2 Company Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement to the contrary, if in any Fiscal Year or other period there is a net decrease in the amount of the Company Minimum Gain, then each Member will first be allocated items of Income for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in such Minimum Gain during such year (as determined under Regulations § 1.704-2(g)(2)), but if there is insufficient Income in a year to make the allocation specified above for all Members for such year, the Income will be allocated among the Members in proportion to the respective amounts they would have been allocated had there been an unlimited amount of Income for such year.

4.3 Minimum Gain Chargeback for Member Nonrecourse Debt. Notwithstanding any other provision of this Agreement to the contrary other than Section 4.2, if in any Fiscal Year or other period there is a net decrease in the amount of the Member Nonrecourse Debt Minimum Gain, then each Member will first be allocated items of Income for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in such Minimum Gain during such year (as determined under Regulations § 1.704-2(i)(4)), but if there is insufficient Income in a year to make the allocation specified above for all Members for such year, the Income will be allocated among the Members in proportion to the respective amounts they would have been allocated had there been an unlimited amount of Income for such year.

4.4 Qualified Income Offset. Notwithstanding any other provision of this Agreement to the contrary (except Sections 4.2 and 4.3 which will be applied first), if in any Fiscal Year or other period a Member unexpectedly receives an adjustment, allocation or distribution described in Regulations § 1.704-1(b)(2)(ii)(d)(4), (5) or (6), such Member will be specially allocated items of Income in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible.

4.5 Limit on Net Loss Allocations. Notwithstanding the provisions of Section 4.1, or any other provision of this Agreement to the contrary, Net Loss will not be allocated to a Member if such allocation would cause or increase such Member's Adjusted Capital Account Deficit and will be reallocated to the other Members, subject to the limitations of this Section 4.5.

4.6 Loss from Member Nonrecourse Debt. Any Loss attributable to Member Nonrecourse Debt will be allocated to the Member who bears the economic risk of loss with respect to such debt.

4.7 Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year or other period will be allocated to the Members in proportion to their Equity Interests.

4.8 § 754 Adjustments. The Company shall make an election under Section 754 of the Code upon the written request of any Member. To the extent an adjustment to the adjusted tax basis of any Company asset under §§ 734(b) or 743(b) of the Code is required to be taken into account in determining Capital Accounts under Regulations § 1.704-1(b)(2)(iv)(m), the amount of the adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis), and the gain or loss will be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted under Regulations § 1.704-1(b)(2)(iv)(m).

4.9 Reversal of Mandatory Allocations. In the event that any Income, Loss or Net Loss is allocated pursuant to Sections 4.2 through 4.7, subsequent Income, Loss or Net Loss (or items thereof) will first be allocated (subject to Sections 4.2 through 4.7) to the Members in a manner which will result in each Member having a Capital Account balance equal to that which would have resulted had the original allocation of Income, Loss, or Net Loss (or items thereof) pursuant to Sections 4.2 through 4.7 not occurred.

4.10 Compliance with Code. The foregoing provisions of this Article 4 relating to the allocation of Income, Net Income, Loss and Net Loss are intended to comply with Regulations under § 704(b) of the Code and will be interpreted and applied in a manner consistent with such Regulations.

4.11 Tax Allocations — § 704(c). In accordance with § 704(c) of the Code and the related Regulations, income, gain, loss and deduction with respect to any property contributed to the capital of the Company, solely for tax purposes, will be allocated among the Members so as to take account of any variation between the adjusted basis to the Company of the property for federal income tax purposes and the initial Book Value of the property. For the avoidance of doubt, as a result of the allocation of Contributed Asset Depreciation described in Section 4.12, all allocations of depreciation, amortization or other cost recovery deductions with respect to a Contributed Asset shall be made solely to the relevant Member who contributed such Contributed Asset. Allocations under this Section 4.11 are solely for purposes of federal, state and local taxes and will not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Income, Loss, Net Income, Net Loss or other items or distributions under any provision of this Agreement.

4.12 Special Allocation of Contributed Asset Depreciation. Notwithstanding anything in this Agreement to the contrary, any Contributed Asset Depreciation arising from the Company's ownership of any Contributed Asset will be allocated entirely to the Member who contributed such Contributed Asset.

4.13 Allocation on Transfer. If any Ownership Interest in the Company is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year, the Company will allocate Net Income or Net Loss or items thereof to the Persons who were the holders of such Ownership Interest during such Fiscal Year in proportion to the number of days that each such holder was recognized as the owner of such Ownership Interest during such Fiscal Year or, if the Members agree otherwise by unanimous Vote, in any other proportion permitted by the Code and in accordance with this Agreement, but in any event without regard to the results of Company operations during the period in which each such holder was recognized as the owner of such Ownership Interest during such Fiscal Year, and without regard to the date, amount, or recipient of any Distributions that may have been made with respect to such Ownership Interest.

ARTICLE 5: DISTRIBUTIONS

5.1 Distributions Generally. Subject to Sections 5.3 and 5.4, the Company will distribute in cash all its preliminary Adjusted FCF on a quarterly basis as promptly as practicable, but in no event later than 12 Business Days after the end of each quarter; provided that subsequent

quarterly Distributions pursuant to this Section 5.1 will be trued up to reflect any increases or decreases necessary such that an amount equal to all Adjusted FCF, as finally calculated with respect to the preceding quarter, has been distributed in cash on a cumulative basis. All Distributions (other than Distributions made upon the Liquidation of the Company, which will be made in accordance with the provisions of Article 13) will be made to the Members in the following order and priority:

- [a] First, to the ACS Member, an amount equal to the excess of [i] the cumulative amount of the ACS Preferred Distributions for the period beginning on the Effective Date and ending on the last day of such calendar quarter over [ii] all Distributions previously made to the ACS Member pursuant to this Section 5.1[a], subject to adjustment pursuant to Section 9.4;
- [b] Second, to the GCI Member, an amount equal to 100% of Adjusted FCF for such calendar quarter in excess of amounts distributed to the ACS Member for such calendar quarter pursuant to Section 5.1[a] for each calendar quarter (including the Preference Period Partial First Quarter, if any) during the Preference Period (but excluding the Preference Period Last Quarter, if any), subject to adjustment pursuant to Section 9.4;
- [c] Third, for the Preference Period Last Quarter, if any (and, for the avoidance of doubt, after any Distributions for the Preference Period Last Quarter to be made to the ACS Member pursuant to Section 5.1[a] are made), an amount equal to the ACS Preference Period Last Quarter Distribution to the ACS Member and an amount equal to the GCI Preference Period Last Quarter Distribution to the GCI Member, in each case, if any, and subject to adjustment pursuant to Section 9.4;
- [d] Fourth, to the ACS Member, an amount equal to the excess of [i] the cumulative amount of the Reallocated Amount as of the date of such Distribution over [ii] all Distributions previously made to the ACS Member pursuant to this Section 5.1[d];
- [e] Fifth, to the GCI Member, an amount equal to the excess of [i] the excess of [x] the aggregate Clawback Amount over [y] [1] the Minimum Required FCF Results for such Fiscal Year divided by four, multiplied by [2] the Equity Interest of the ACS Member over [ii] all Distributions previously made to the GCI Member pursuant to this Section 5.1[e]; and
- [f] Sixth, to the Members in accordance with their respective Equity Interests, subject to adjustment pursuant to Section 9.4 or Section 9.5.

5.2 Payment. All Distributions will be made to Members owning Ownership Interests on the date of record, such date being the last day of the calendar month preceding the date of Distribution, as reflected on the books of the Company.

5.3 Withholding. If required by the Code or by state or local law, the Company will withhold any required amount from Distributions to a Member for payment to the appropriate taxing authority. Any amount so withheld from a Member will be treated as a Distribution by the Company to such Member. Each Member agrees to file timely any agreement that is required by any taxing authority in order to avoid any withholding obligation that would

otherwise be imposed on the Company. If the amount required to be withheld with respect to a Member exceeds the amount of Distributions payable to such Member, such excess will be set off against any future Distributions to which such Member otherwise would have been entitled. Upon the reasonable written request of a Member that is subject to any withholding by the Company under this Section 5.3, the Company shall contest or not withhold such amounts that the Member does not believe are legally required to be withheld; provided, that such Member shall indemnify, defend and hold the Company harmless from any losses, damages, expenses or liabilities incurred by the Company in connection with such contest or failure to withhold.

5.4 Distribution Limitations. Notwithstanding any other provision of this Agreement, the Company will not make any Distribution to the Members to the extent making such Distribution would violate the Act or other applicable law. A Member's right to receive Distributions is subject in all respects to the provisions of Section 16.22.

ARTICLE 6: MANAGEMENT

6.1 Management; Consulting Fee.

- [a] Except as otherwise expressly provided in this Agreement, the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Members.
- [b] Subject to the provisions of the Act and the obligations and limitations imposed upon it by this Agreement, and except as otherwise provided in this Agreement (including Sections 6.3 and 6.4) and in the applicable Plans adopted pursuant to this Agreement, the Members by Majority Vote have the right, power and authority to do (or cause to be done) any and all things necessary, proper, convenient or advisable to administer and carry on the business, properties and activities of the Company in their discretion. Except as otherwise provided in this Agreement, no Person dealing with the Company will be required to inquire into the authority of the Members by Majority Vote to take any action or make any decision. Except as specifically provided for in this Agreement, no Member will have the power to sign documents for or otherwise bind the Company, which power to sign documents for or otherwise bind the Company shall be vested solely in, and shall be exercised solely by, the CEO and the Officers.
- [c] The GCI Member shall cause its senior executive officers to provide consulting services to the CEO and other senior Officers of the Company with respect to high-level strategy decisions regarding legal, regulatory and finance matters. In exchange for such services (which, for the avoidance of doubt, will not be billed pursuant to the GCI Services Agreement), the Company will pay a consulting fee to the GCI Member (the "**Consulting Fee**"). The Consulting Fee will be paid quarterly, in arrears, in the following amounts (it being understood that the Consulting Fee will be pro rated for any calendar quarter in which the GCI Member does not own any Equity Interests or provide such services for the whole calendar quarter):
 - [i] 4% of FCF from the Effective Date through the second anniversary of the Effective Date;

- [ii] 6% of FCF after the second anniversary of the Effective Date through the fourth anniversary of the Effective Date; and
- [iii] 8% of FCF after the fourth anniversary of the Effective Date.
- [d] The Consulting Fee will be paid concurrently with the Distributions to the Members as provided in Section 5.1 and will be trued up each quarter to reflect any adjustments made to FCF with respect to any calendar quarter after the Consulting Fee related to such quarter has been paid. The Consulting Fee will be paid prior to making any Distributions to the Members pursuant to Article 5.
- [e] The Company will treat the Consulting Fee for federal income tax purposes as a guaranteed payment under § 707(c) of the Code.

6.2 CEO; Other Officers; GCI Services Agreement; Employee Matters.

- [a] The responsibility for the day-to-day operations of the Wireless Business is hereby delegated, subject to the ultimate control of the Members (including Sections 6.3 and 6.4), and in accordance with the applicable Plans adopted pursuant to this Agreement, to a Chief Executive Officer (the “CEO”). The initial CEO will be Wilson Hughes. The CEO will serve at the pleasure of the Members and may be removed at any time, with or without Cause, by Majority Vote. If the ACS Member reasonably believes that Cause to remove the CEO exists and the CEO has not been removed, the ACS Member may send written notice to the GCI Member specifying in reasonable detail the basis for which the ACS Member believes that Cause exists and the Members shall, by Majority Vote, remove the CEO if it is finally determined either by Majority Vote or pursuant to the dispute resolution provisions provided for in Article 15 that Cause to remove the CEO exists. As specified in Section 11 of the Arbitration Agreement, if the Arbitrator determines in a proceeding initiated by the ACS Member that [i] Cause to remove the CEO does not exist, the ACS Member will pay the Company’s and the GCI Member’s Individual Fees and Expenses and any Arbitrator’s Expenses paid by such Persons in connection with such claim or [ii] Cause to remove the CEO does exist, the GCI Member will pay the Company’s and the ACS Member’s Individual Fees and Expenses and any Arbitrator’s Expenses paid by such Persons in connection with such claim. Any successor CEO to be appointed as a result of the resignation or removal of the CEO will be appointed by Majority Vote, subject to the approval rights set forth in Section 6.4[k]. The CEO will devote the CEO’s full business time, attention and effort to the affairs of the Company and its Subsidiaries.
- [b] The CEO may from time to time appoint officers of the Company (the “Officers”) and delegate to them the authority and duties to manage the day-to-day operations of the Wireless Business under the supervision of the CEO, subject to Sections 6.3 and 6.4, in accordance with the applicable Plans. Each Officer shall have such duties that are delegated to the Officer by the CEO. Such Officers will take all actions that are necessary and appropriate to conduct the day-to-day operations of the Wireless Business under the supervision of the CEO, subject to the provisions of this Agreement. Each Officer will devote its full business time, attention and effort to the affairs of the

Company and its Subsidiaries. Each Officer will serve at the pleasure of the CEO, until such Officer's resignation or removal or until his or her successor has been duly appointed and qualified.

- [c] On the Effective Date, the Company will enter into a Services Agreement with GCI Communication Corp. (the "**GCI Services Agreement**"), substantially in the form of attached **Exhibit I**, pursuant to which GCI Communication Corp. will provide the Company with specified services.
- [d] Any performance based compensation for any Dedicated Employees (as defined in the GCI Services Agreement) shall be based solely on the performance of the Company, and not the performance of the GCI Member or any of their Affiliates except for any grants of GCI equity awards to Dedicated Employees for employee retention programs in accordance with the terms of the GCI Services Agreement. GCI shall provide to the ACS Member a written description of any such performance based compensation. The Company's management incentive plan will be designed to maximize the Company's competitiveness and meet the Company's Financial Objectives, and any costs or expenses of the Company thereunder shall be set forth in the applicable Plans of the Company.
- [e] The Company shall be liable for any severance obligations owed by a Member to any employee of such Member who devotes all or substantially all of his or her business time to providing services to the Company and its Subsidiaries pursuant to an agreement between the Company and such Member; provided that with respect to any such employee who was employed by a Member or its Affiliates immediately prior to the Effective Date, any severance obligations to such employee that include service credit for any period prior to the Effective Date will be shared pro rata by such Member and the Company based on the number of days such Person was an employee of such Member prior to and after the Effective Date. The Company shall not be liable for any severance obligations owed by a Member to any other employee of such Member (regardless of whether such employee provides services to the Company or any of its Subsidiaries).

6.3 Executive Board.

- [a] The Company will be governed by a three member executive board (the "**Board**") consisting of the Chief Executive Officer of GCI or the GCI Member's then current Wireless Parent, the Chief Executive Officer of ACS or the ACS Member's then current Wireless Parent, and the CEO of the Company. By written notice to the Company and the other Member given at least one Business Day prior to a Board meeting, a Board member may designate an alternate Person to participate in a given Board meeting in such Board Member's stead.
- [b] The primary function of the Board will be to review and approve the Plans in accordance with the provisions of Article 7 and the other business and technology plans of the Company and its Subsidiaries. In addition, the Board may consider other matters as specifically set forth in this Agreement or as requested by any member of the Board; provided, however, that it is intended that all day-to-day operations of the Company will be carried out by the CEO and the other Officers of the Company. Any member of the

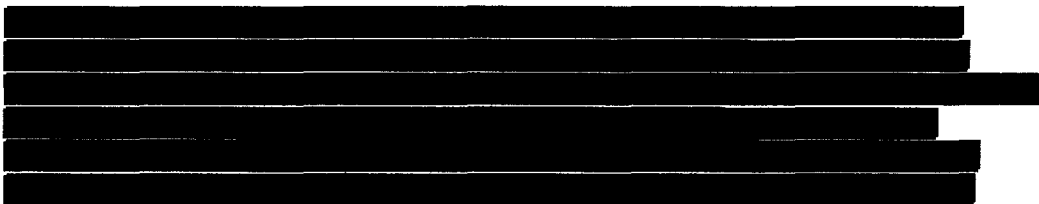
Board may request meetings of the Board; provided that the Board is not required to meet more frequently than once during each calendar quarter except in connection with the review and approval of the Plans. At any meeting of the Board, the CEO and other appropriate Officers shall notify and update the Board with respect to the business and affairs of the Company, including any material developments in the business and activities of the Company since the last Board meeting at which such an update was given, and shall notify and update the Board with respect to any major decisions under consideration or expected to be made by the Company.

6.4 Unanimous Vote of Members. The following actions or decisions by (or affecting) the Company or any of its Subsidiaries may be taken or made only upon receipt of the affirmative Vote of all Members and neither the Members nor the CEO or other Officers of the Company or any of its Subsidiaries will have the power or authority to take any such actions or make any such decisions without the affirmative Vote of all Members; provided, that if a Member does not respond to a written request by the Company for approval of a proposal pursuant to this Section 6.4 (a “**Member Approval Request**”) within ten days following its receipt of such request, such Member will be deemed to have Voted in favor of such proposal:

- [a] A change in the lines of business of the Company or any of its Subsidiaries beyond, or the expansion of the business of the Company or any of its Subsidiaries beyond, the Wireless Business and related or incidental activities;
- [b] The admission of an additional Member to the Company, other than a Permitted Transferee of a Member in accordance with Article 14, or a change to the initial Members’ Equity Interests;
- [c] Incurring, or permitting to exist at any time, any Indebtedness in excess of \$5 million in the aggregate (or in any amount from any Member) (“**Material Indebtedness**”), the granting of a mortgage, deed of trust, pledge or other lien on or security interest in all or any portion of the assets of the Company or any its Subsidiaries to secure the obligations of the Company and its Subsidiaries as debtor under any Material Indebtedness, or guaranteeing the obligations of any other Person other than in the ordinary course of business; provided, however, that [i] the GCI Working Capital Loan and the Company Working Capital Loan shall be deemed to have been approved by the affirmative Vote of all Members and shall not require any additional Vote of the Members (but any material amendments or modifications thereof and any termination thereof that is not in accordance with the terms of the applicable loan agreement shall require the affirmative Vote of all Members in accordance with this Section 6.4), [ii] incurrence of Indebtedness in the ordinary course of business (including vendor financing in connection with purchases of products or construction of facilities) not in excess of \$10 million in the aggregate shall not be considered Material Indebtedness requiring the affirmative Vote of all Members, and [iii] incurrence of Indebtedness not in excess of \$10 million in the aggregate with a term of less than one year and granting any liens or security interests on any of the Company’s assets in connection therewith shall not be considered Material Indebtedness requiring the affirmative Vote of all Members regardless of amount so long as [x] the Company does not enter into any borrowing arrangement with the intent or expectation that the term of such Indebtedness will be extended, and [y] the Company

and its Subsidiaries shall not extend the term of any such Indebtedness beyond one year without obtaining the affirmative Vote of all Members with respect thereto;

- [d] The sale, exchange or other disposition of all or substantially all the consolidated assets of the Company and its Subsidiaries in any transaction or series of related transactions, or any sale of assets of the Company or any of its Subsidiaries, in one transaction or a series of related transactions, [i] having a Fair Market Value in excess of \$5 million in the aggregate in any twelve month period or [ii] that would impair any Member's ability to meet its carrier of last resort regulatory obligations applicable to local exchange carriers under Alaska law in those exchanges identified by community on **Exhibit N-1**, with respect to the ACS Member, or **Exhibit N-2**, with respect to the GCI Member, in the case of each of clauses [i] and [ii] other than the disposition of obsolete assets in the ordinary course of business and other than the sale of IRU and other network capacity, including for Wireless Backhaul and Transport, in the ordinary course of the Wireless Business, it being understood that separate sales of assets shall be aggregated and viewed as a single transaction for purposes of this clause [d] to the extent necessary to effectuate the intent and purpose of this clause [d];

- [e] 

- [f] Any action (including the filing of a U.S. Treasury Form 8832 Entity Classification Election) that would cause the Company to be characterized as an entity other than a partnership for federal income tax purposes or making any other tax elections that would have a material adverse effect on, or affect the tax status of, any Member;
- [g] The voluntary Dissolution of the Company or any of its Subsidiaries (other than a wholly-owned Subsidiary) or the Distribution of assets in kind to any Member upon Liquidation;
- [h] The filing of a voluntary petition that results in a Bankruptcy Event for the Company or any of its Subsidiaries;
- [i] Amending the Certificate or any organizational documents of any Subsidiary of the Company (other than to make any ministerial or administrative changes that would not have a material adverse effect on any Member, such as changing the registered agent or registered office of the Company);
- [j] The merger, conversion, consolidation or other combination of the Company or any of its Subsidiaries with another Person other than the merger of a wholly-owned Subsidiary of the Company with the Company or another wholly-owned Subsidiary of the Company;
- [k] The appointment of any successor CEO; provided, however, that the ACS Member agrees to approve at least one individual from a list of three or more qualified individuals

with appropriate experience (any or all of whom may be GCI employees) proposed by the GCI Member to be appointed as the successor CEO;

- [l] Commencing or settling litigation or arbitration that individually, or together with any other related litigation or reasonably foreseeable claim, involves an amount in excess of \$5 million, except with respect to a claim by the Company or any of its Subsidiaries against a Member, or entering any plea of guilty or nolo contendere on behalf of the Company or any of its Subsidiaries in any criminal matter;
- [m] [REDACTED]
- [n] [i] Entering into any agreement or transaction with GCI or ACS or any of their respective Affiliates (“**Affiliate Transactions**”), other than [v] as specifically set forth in this Agreement, [w] Approved Affiliate Transactions, [x] transactions involving the provision of Professional Services to the Company in accordance with the Professional Services Guidelines and capacity purchases made by the Company from GCI pursuant to the Additional Capacity Purchase Agreement, pursuant to which in the aggregate the Company will pay GCI or its Affiliates \$10 million or less in the aggregate in any Fiscal Year; provided, that ACS will not unreasonably withhold its consent to the Company making any additional capacity purchases from GCI pursuant to the Additional Capacity Purchase Agreement, [y] transactions involving the provision of Satellite Capacity Services to the Company in accordance with the Satellite Capacity Services Guidelines, and [z] including the Company in a third-party master services agreement or master purchase agreement or similar contract to which GCI or an Affiliate thereof is also a party, but pursuant to which the Company is treated on an equal basis with GCI or its applicable Affiliates who are party thereto, or [ii] terminating any Affiliate Transaction except in accordance with the terms thereof, or modifying or waiving any material provision of any Affiliate Transaction in a manner that is adverse to the Company;
- [o] Making any decisions regarding major technology upgrade plans to be implemented by the Company or any of its Subsidiaries in connection with the Wireless Business; provided, however, that the consent of the ACS Member with respect to any major technology upgrade plan related to the Wireless Business of the Company and its Subsidiaries will not be unreasonably withheld, delayed or conditioned;
- [p] Authorizing, creating, allocating, reserving, issuing or selling any limited liability company interests or any other equity interests or securities, or requesting or accepting any capital contributions in respect of any limited liability company interests or any other equity interests or securities, other than as contemplated by Sections 1.4 and 3.1[a];
- [q] Redeeming or repurchasing any limited liability company interests or any other equity interests or securities of the Company;
- [r] Creating any Subsidiary of the Company other than a wholly-owned Subsidiary, or transferring any assets of the Company to any Subsidiary other than a wholly-owned Subsidiary, or entering into any joint venture arrangement;

- [s] Changing the name of the Company;
- [t] Lending by the Company, other than supplier and trade receivables in the ordinary course of business;
- [u] [Intentionally omitted];
- [v] As provided in the definition of Fair Market Value;
- [w] Entering into or terminating (except in accordance with the terms of the applicable contract or agreement), or waiving or modifying any material provision of, any contract or agreement to which the Company or any Subsidiary is (intends to become) a party (i) that is not consistent with the Plans in all material respects, or (ii) that includes a financial commitment by the Company or its Subsidiaries in excess of \$10 million that would be payable during a period after the end of the current Four Year Plan, in each case excluding backhaul and roaming agreements;
- [x] Entering into or terminating (except in accordance with the terms thereof), or waiving or modifying any material provision of, the Company Working Capital Loan; provided that such consent shall not be required so long as the Company Working Capital Loan: [1] is secured only by collateral permitted by each Member's lenders, [2] does not contain any provision that would reasonably be expected to affect the timing or amount of any ACS Preferred Distribution other than restrictions upon the payment of such Distributions upon an event of default under the Company Working Capital Loan; and [3] contains financial covenants that are commercially reasonable;
- [y] Declaring or paying any non-cash dividend or other Distribution to Members except as specifically set forth in this Agreement; and
- [z] As provided in Sections 1.6, 2.1[b], 4.13, 7.1[b], 8.1[a], 11.3, 12.1, 13.3 or 14.1[b].

Except as set forth in the preceding provisions of this Section 6.4, all actions by the Members shall be taken by Majority Vote. Each Member is entitled to act in its own best interest (and its capacity as a member of the Board, the Chief Executive Officer of each such Member is entitled to act in the best interest of the Member of which it is the Chief Executive Officer) with respect to any decisions related to the Company or its Subsidiaries that are to be made by the Members or the Board, including pursuant to this Section 6.4 or pursuant to Section 6.3. Without limiting the foregoing, but subject in the case of the GCI Member to the Standard of Care and in the case of the ACS Member to the implied contractual covenant of good faith and fair dealing, [i] neither the Members in their capacity as such nor their respective Chief Executive Officers in their capacity as members of the Board have any express or implied fiduciary duties to the Company, the other Members or the Board, including that there are no express or implied fiduciary duties based on a Member's status as a majority owner of the Company; and [ii] the corporate law concepts of the duty of loyalty and the duty of care applicable to officers and directors of a corporation, as well as the partnership law duties that a general partner owes to a partnership and its other partners, do not apply to the Members in their capacity as such or to their respective Chief Executive Officers in their capacity as members of the Board.

6.5 Other Activities.

- [a] Except as otherwise provided in Sections 6.5[a], [b] and [c], each Member, and any Affiliate of any Member may engage in (or own interests in) other business ventures of any nature and description, independently or with others, and neither the Company nor any other Member will have any right by virtue of this Agreement in such business venture or its profits, even if such business venture is in direct competition with the Wireless Business of the Company, and no Member or Affiliate of a Member will have any duty or obligation to bring any such opportunities to the Company or any Member or to inform the Company or any Member regarding any such business venture.

[REDACTED]

[REDACTED]

[REDACTED]

7.

[REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]